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SUBJECT: MORE OIL FINDS IN WESTERN UGANDA

REF: A) KAMPALA 413, B) KAMPALA 393, C) KAMPALA 247

¶1. Tullow Oil, one of four oil exploration companies operating in western Uganda, has uncovered a large field of oil and gas deposits in exploration Block Two, which runs along the upper half of Lake Albert (refs A and B). Ministry of Energy Petroleum Exploration and Production Department (PEPD) Commissioner Reuben Kashambuzi was elated as he told Econoff August 7 that this was the best discovery in Uganda to date. The daily press reported that the result proved that the Albertine Graben, a resource and ecologically sensitive region running through western Uganda and eastern Democratic Republic of Congo, was a very promising oil field. (Note: A "graben" refers to a depressed segment of earth surrounded by two raised faults. End note.)

¶2. Comment: Added to the other oil finds in western Uganda, the latest find further demonstrates the potential for more discoveries in the Albertine Graben. However, experts caution that the oil is relatively heavy and would have to be chemically treated before it could be exported. The small refinery foreseen under the GOU's early production scheme (ref C) is not very efficient. If actual reserves are greater than initial estimates of 350 million barrels, the GOU will have to decide between a larger refinery in Uganda, or a pipeline for export.

HOOVER